PRESENTATION OF THE BUDGET ESITMATES FOR 1111 M. E.

Rama Varmha Tampuran:—

Sir,

I rise to move the Budget estimates for 1111.

FINANCIAL YEAR 1109.

Before doing that, it will be useful and instructive to take stock of the transactions of the two previous years, the years 1109 and 1110. (The actual results of the year 1108, the House knows, have been fully discussed by my predecessor). Of 1109, he had anticipated at this time last year that it would result in a deficit of Rs. 3·25 lakhs. But really it ended in a deficit of Rs. 15·10 lakhs. This large increase in the deficit over that anticipated at this time last year is due to the fact that the Customs Revenue amounting to Rs. 19·09 lakhs which ought to have been realised in 1109 was received only in Chingam 1110. If this amount had been received in 1109 as anticipated, the revenue receipts for the year would have risen to Rs. 94·42 lakhs and the transactions of the year would have resulted in a surplus of Rs. 3·99 lakhs instead of in a deficit of Rs. 15·10 lakhs. Both under 'Receipts' and 'Disbursement' there have been slight variations as compared to the revised estimates of that year. But, they are not anything large enough to deserve detailed mention.

FINANCIAL YEAR 1110.

For the current year, while moving the Budget estimate last year, my predecessor anticipated a small surplus of Rs. ·25 lakh but, as the Revised estimates show it is likely that the year would end in a deficit of Rs. 3·01 lakhs. This change in the financial position cannot be attributed to a fall in the 'Receipts' anticipated at this time last year. On the other hand, the receipts show an improvement to the extent of Rs. 4·57 lakhs.

Under 'Matches', 'Profits from Capital outlay', 'Interest', 'Forest' and 'Public Works'—under each of these there is increase over the anticipated receipts. The increase of Rs. 2·41 lakhs under 'Matches', I may, however, point out for the information of the House, is only apparent as there is a corresponding increase on the disbursement side also under this item. The net revenue that results from the sale of banderols is almost the same as was anticipated at the end of last year. The figures have been modified purely for reasons of account adjustments. The increase in Railway traffic is expected to bring a larger income under 'Profits from Capital outlay'. The rise under 'Interest' from investment is due to the comparatively better rate of interest that we have been receiving on our Fixed Deposits, and also on account of the fact that no large

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amount has been withdrawn from our capital investment for payment of the cost on account of the conversion of the Railway in the current year. The increase in the sale of timber and certain arrear collections on account of the rent of previous year raises the income under 'Forests' by Rs. 32 lakh. The larger collections from 'Ferries and Tolls' is a reason for the increase in receipts under 'Public Works'.

Against these increases, appreciable falls in revenue are also anticipated chiefly in 'Land Revenue', 'Stamps' and 'Registration'. Under 'Land Revenue' the fall is anticipated to be Rs. ·21 lakh. under 'Stamps' Rs. ·17 lakh and under 'Registration' about Rs. ·15 lakh.

On the disbursement side, the revised estimates show an increase of Rs. 7·82 lakhs over the budget estimates.

Under 'Matches' alone as I have explained earlier there is an increase of Rs. 2·46 lakhs. For the Tramway, the Government propose to sanction additional allotments to the extent of Rs. ·70 lakh to renew its present rails. The Tramway line was built about three decades ago and the rails are very badly cut in several places. It is apparent that the present is an opportune moment to renew these rails at a comparatively small cost. The second-hand rails on the Shoranur—Ernakulam line are available at a small cost and by purchasing them we can do the renewal on the Tramway at a low price. An expenditure of just less than a lakh of rupees is provided for this purpose. On account of more extensive operations there is expected to be a rise in expenditure under 'Forests'. Again, under 'Water Works' and under 'Electric Installation', there is expected to be an increase in expenditure to the extent of Rs. ·29 lakh. The grants made for the rural welfare scheme initiated in honour of His Excellency the Viceroy's visit and the charges that had to be incurred in connection with preventive measures against plague at Mattancheri and Kunnamkulam contribute to an increase of Rs. ·20 lakh. The appointment of Special Officers for the disbursement of Economic Depression Loan has caused an increase in expenditure to the extent of Rs. ·17 lakh. The refunds under 'Income-tax' and also increased activities of the Uplift Department have slightly contributed to further increase in expenditure. The tours of His Highness the Maharaja and the fees paid to Sir Tej Bahadur Sapru in connection with the Harbour conferences have also contributed to the increase under 'Disbursements'.

The net result of the transactions of the current year—as explained previously—is expected to close with a deficit Rs. 3·01 lakhs.

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FINANCIAL YEAR 1111.

For the next year 1111, the estimates under receipts and expenditure are fixed at Rs. 98·54 lakhs and Rs. 97·85 lakhs respectively leaving a small surplus of Rs. ·69 lakh. For a small State like ours with its income almost static and the expenditure regularly mounting on account of the increased activities of the several utility Departments—this surplus of Rs. 69,000 cannot be regarded as anything very considerable.

At this point it will be useful to bring to the notice of the House the table of Receipts and Expenditure for the last ten years exhibited at pages 2 and 3 of the explanatory memorandum accompanying the budget estimate. For the first time we are printing such a statement in the explanatory memorandum; and there the House would find that while the expenditure has gradually risen from Rs. 65·02 lakhs in 1100 to Rs. 90·43 lakhs in 1109 and Rs. 99·65 lakhs in 1110, the income for the several consecutive years of the same period--except under Customs—has remained almost stationary. This is a special ferature of our finances which the House should ever bear in mind.

Now, I would pass to the details of the budget estimates for next year. There the salient points under 'Receipts' to which I would like to draw the pointed attention of the House are the following:—

Receipts.

(a) **Land Revenue.**—The receipts have been estimated only after providing for a remission of 12½ per cent in collections. The effects of the Economic Depression have not completely died out, and, therefore, Government propose that the remission of 12½% should be continued in the next year also. In the current year under 'Land Revenue' there was a collection of Rs. ·90 lakh on account of assignment of poramboke lands; but next year it is not anticipated that there would be any income worth the name on this account.

(b) **Customs.**—As a maritime State, Cochin depends, not to a small extent, on the income from Customs to be able to produce a balanced budget But unfortunately, it often happens that the Customs Revenue of a particular year is not received before that year closes. This naturally causes violent fluctuations to the budget forecasts and introduces always a very serious element of uncertainty and risk into our budget. To get over this difficulty it has been decided to keep under 'Suspense Accounts' the Customs receipts of the year and give credit to it only in the coming year,

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When this practice is consistently followed, every year there will be a receipt on account of Customs. The Customs Revenue which we expect to receive before the end of 1110 will likewise be kept under 'Suspense Accounts' and credited to the accounts only next year. This will not, however, cause any dislocation in our Revised Estimates for the current year; for already we have received at the beginning of this year one set of our usual receipts under 'Customs'. This should have been received in 1109 but, as I explained earlier we got it only in the current year. Therefore anyway we have had the usual receipts under 'Customs' this year and hence, this is also an opportune time to start the new system of accounting under this head.

(c) **Tobacco.**—Till now the results of the sale of shops have not been very encouraging and therefore we have provided only Rs. 2·78 lakhs as against the revised estimate of Rs. 3·35 lakhs.

And (d) Under other heads as for example, 'Forests', 'Interest', 'Profits from Capital outlay' and 'Stoneware Factory' also there are small variations when compared with the Revised Estimates. They are, however, too small to deserve detailed mention.

Disbursements.

Compared with the Revised Estimates of the current year the expenditure for 1111 is expected to fall by Rs. 1·81 lakhs. This decrease is not, however, due to retrenchment of the activities of any of the 'Development' Departments which, as usual, have received liberal contributions. This will be quite apparent when I remind the House that the large increase in the revised estimate of the current year was due to special circumstances. The fact is that when compared with the Revised Estimates of the current year, the expenditure for the next year is proposed to end in larger grants to 'Development' Departments, to the extent of more than a lakh of rupees.

Land Revenue, Co-operative, Agriculture, Panchayats, Economic Survey, Special Loan Staff, etc.—To enter into the details of expenditure under the several budget heads, the transfer of the Fish Curing yards, which till now were under the Excise Department, to the control of the Fishery Department under Land Revenue explains the increase in expenditure under that head. The marketing scheme that was recently sanctioned and which is fraught with very great possibilities for the Agriculturist explains the slight increase under 'Agriculture'. Liberal grants have been made to Panchayats and enhanced allotments have been made

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under Irrigation, Sanitation and Water-Supply which form the most important items of any scheme of rural welfare and village reconstruction. Though it was anticipated that it would be possible to give full effect to the revised proposals of the Palace reorganisation scheme with the beginning of the next year it was found that the financial position of the State does not allow full effect to be given to it from next year. Therefore it is proposed that the lump allotment of Rs. 7½ lakhs which it was originally proposed should be granted in 1111 may be reduced by Rs. 54,800, and that the rest alone need be allotted for next year. A slightly increased provision has been made under 'Matches' to strengthen the Preventive Staff of the Department. The provision for the Railway sidings at Chalakkudi and for laying the new rails accounts for the increase in expenditure under 'Tramway'. The economic survey of the State is at present conducted by a Superintendent helped by a staff of tabulators. With the completion of the work that the Superintendent has partially done, it is proposed that the present staff may be disbanded and that the work may be continued on the lines initiated by the Superintendent with the help of a select staff of Professors and students who can do the work honorarily. Similarly it is also hoped that it will be able to disband the staff for the disbursement of the economic depression loan shortly. Their work is progressing satisfactorily and very soon it would be possible to disburse the five lakhs that the Government have sanctioned for the disbursement of this loan. Any savings that it will be possible to effect by disbanding the staff earlier than at present anticipated will be handy to meet further expenses in connection with the starting of a Land Mortgage Bank.

Account Department.—From the Comptroller's Office a Superintendent is proposed to be sent for training in the Accountant-General's Office, Madras, very soon. In addition, one of the auditors of that office is also proposed to be sent for training in Railway audit. Further, the services of a Senior Auditor of the Railway Accounts, Madras, have been secured to have our Railway conversion accounts completely checked. The provision for these three items explains the small increase under this head.

Police.—In the Police budget of next year there is provision for a Harbour Police Staff, the necessity for which is obvious.

Education.—The expenditure under 'Education' shows again a further increase in the next year. From Rs. 11·17 lakhs in 1101 it has gradually risen to Rs. 17·57 lakhs in 1111. The growth in expenditure under the Education budget has been mainly under the following heads and to the following extent:—

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		Rs.
Direction and Inspection	...	'77 lakhs
Collegiate Education	...	1'70 ,,
Secondary Education	...	4'85 ,,
and Primary Education	...	8'71 ,,

These increases have been inevitable. The natural growth of the Educational institutions has mainly contributed to the increase in expenditure under this head. It is hoped that it will be possible to devise some means to curtail expenditure without impairing efficiency.

Medicine.— Under 'Medicine', one more rural dispensary is proposed to be opened at Desamangalam. That will raise the number of Rural Dispensaries in the State to twenty. The staff of nurses is also proposed to be increased. Fairly liberal allotments have, as usual, been made under Medicine, Dietary charges and Bedding and Clothing. A Sub-Assistant Surgeon is proposed to be trained specially in Leprosy relief work. To meet the increased demands for accommodation in most of the hospitals and dispensaries, large allotments have been made out of the special grant sanctioned in commemoration of the visit of His Excellency the Viceroy.

Ayurveda and Public Health.—The indigenous system of of the Ayurvedic treatment has received the attention of the Government and a slightly increased allotment is proposed to be made under that head also. So again, slightly larger provision has been made under Public Health Department.

Public Works.—The details of the Public Works Department are given in the Appendix to the Budget and within the limited time at our disposal, it will not be posssible for me to go into its details.

Stoneware Factory.— The Stoneware Factory is shown under service heads in the Budget though very soon, it may have to be separated and dealt with, particularly, as a commercial undertaking. However, while on the subject I may observe that with the recent improvements made to the Factory it has become possible to expect larger profits from this undertaking in the coming year.

Uplift of the Depressed Classes.— There is a fall of about Rs. '40 lakh under expenditure for the 'Uplift of the Depressed Classes'. This is not because the activities of the Department have been reduced in any manner. On the other hand, it is due to the fact that the Depressed Classes Schools, which till recently were under the Protector of the Depressed Classes, have now been, transferred, for convenience of administration, to the Education Department. The decrease of Rs. 40,000 under 'Uplift' will be counter-

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balanced by a proportionate increase under the Education Budget of next year.

I have now explained the salient features of the estimates for the next year but so far I have dealt with only expenditure under service heads.

CAPITAL OUTLAY.

There is next the expenditure under 'Capital outlay' to which I wish to draw the attention of the House. It has been explained on previous occasions that both the expenditure on Railway and on Harbour which are the two main items of expenditure under 'Capital outlay' are proposed to be met out of the loan of Rs. 75 lakhs supplemented by the available Treasury balances. In fact, the loan of Rs. 75 lakhs was fixed after taking into account the surplus in the Treasury that could be diverted for use on 'Capital works'. It was then estimated that a sum of about Rs. 77 lakhs will be available out of the Treasury surplus. That together with the 75 lakhs of rupees should be sufficient to meet the cost of the Railway (Rs. 79 lakhs) and the cost on account of the Harbour works (Rs. 72 lakhs). The works on the Railway have been completed and the payments are almost complete; out of the revised estimate of 83·13 lakhs of rupees payments to the extent of Rs. 72·55 lakhs are expected to be made before the end of the year. The balance yet to be paid on account of the conversion of the Railway is only Rs. 10·58 lakhs. Since the fourth stage works of the Harbour have not yet been taken up for execution, no payments on that account have been made.

The total expenditure under Harbour at the end of 1110 is estimated to be Rs. 41·42 lakhs and that on Railway Rs. 72·55 lakhs. For next year we have provided ten lakhs of rupees under Harbour presuming that it would be possible to start the fourth stage works very soon. Under Railway, the balance to be paid to the Company, a sum of Rs. 10·58 lakhs has been provided in the next year's budget. A small sum of Rs. 25,000 has also been provided under Electrification.

These complete the main items of expenditure next year under 'Capital outlay'.

THE PROVIDENT FUND.

Next a word or two I shall speak about some of our Deposit Funds. Most important of them for our purposes is the Provident Fund. With the revision of establishment in 1105 as a result of the recommendation of the Special Finance Committee, Government ordered that thereafter all permanent Government servants should become contributors to the Provident Fund. This has contributed largely to the increase under capital under that fund.

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While at the end of 1104 it stood at Rs. 3·41 lakhs, to-day it stands at Rs. 7·23 lakhs. This amount represents the small savings of Government servants which, besides being a source of comfort and consolation to them at the time of their retirement, can afford to the Government a source for capital at times of need.

SINKING FUND.

Towards the repayment of the loan of Rs. 75 lakhs which the Durbar contracted in 1107 to finance the Harbour and the Railway, a Sinking Fund at the rate of one per cent was started in the year itself. At the end of 1111 the total amount under that head will stand at Rs. 2·60 lakhs inclusive of interest.

I have now given a brief resume of the income and expenditure under the several service heads for next year, as also the details of expenditure under 'Capital outlay' and the working of two of our most important deposit funds.

ASSETS AND LIABILITIES.

Next I should like to place before the House a few facts about the gross liabilities and assets of our State. The total liabilities at the end of next year are expected to be Rs. 109·78 lakhs against which there would be the ordinary assets to the extent of Rs. 80·41 lakhs and assets under 'Capital outlay' to the extent of Rs. 134·81 lakhs. The two together will give a total asset of Rs. 215·22 lakhs against the gross liability of Rs. 109·78 lakhs. The result is a net asset of Rs. 105·44 lakhs to the credit of the State at the end of 1111.

A GENERAL REVIEW.

The figures together with the estimates for the next year should show how far our Budget has been a success. We have been able to meet all reasonable demands for the efficient working of the several departments and for the carrying on of the innumerable beneficent activities which the departments have taken up from time to time. Also it has been possible to finance the capital works with the aid of the funds at the diposal of the Government. In short, we have been able to meet all our obligations for the next year, whether they be under ordinary or extraordinary items of expenditure.

This does not of course mean that the ideal has been reached. There must be several in this House who, for one reason or another are not quite content with the present Budget. Without anticipating criticisms I can very well foresee the complaints from several quarters that this or that work, or this or that service has not been provided for. And I for one am not prepared to say that all those remarks would be groundless. If more funds were available, certainly the Government would not have been forced to the dire

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necessity of deleting several useful items of work from the Department of Public Works. Nor would they then have found themselves in the unenviable position of having had to deny larger shares for the more comfortable and better working of our utility departments. To give you only two minor instances, surely a little more under 'Dietary charges' for the Hospitals or a little more under contribution to the Panchayats would not have been excessive.

But unfortunately, as every one has to do, we have to face realities and work with given situations. It is not within practical politics to increase very much our current receipts. From the real facts of our Budgetary estimates under 'Receipts', it is not possible for us to provide anything more than we have provided for in the next year's budget.

That being granted, with that amount at our disposal, is it possible to frame a more satisfactory budget? That is the question I would put to this House. With the resources available, we have in the State maintained our needs to the best possible satisfaction; and outside the State, have maintained the credit of His Highness the Maharaja's Government in the most unimpeachable manner.

CRANGANUR.

Lastly, Sir, my statement this afternoon will not be complete without a reference to Cranganur. I presume that the House is aware that Cranganur, though a part of Cochin State for all material purposes, is financially autonomous. It has a budget of its own.

The transactions of 1109 in Cranganur resulted in a deficit of Rs. ·19 lakh the actual receipts and disbursements having been Rs. 1·86 lakhs and Rs. 2·05 lakhs respectively. This was brought about partly by the fall in receipts (Rs. 9,000) chiefly under 'Land Revenue', 'Stamps' and 'Income-tax', and partly by the increase in expenditure (nearly Rs. 10,000) under 'Land Revenue—Capital' for execution of certain decrees, Education, etc.

For 1110, we anticipated a revenue of Rs. 1·89 lakhs and an expenditure of Rs. 2·08 lakhs, leaving a deficit of Rs. ·19 lakh; but according to the revised estimates, both under Revenue and Expenditure there is expected to be a fall of Rs. ·04 lakh. The net result of the transactions is ultimately the same as originally anticipated.

In this connection, I should point out that the Government have been taking all possible steps to reduce expenditure under the Cranganur Budget. They have ordered that only officers in the lower grade should be transferred there. They have also ordered specific retrenchments by the amalgamation of the Boys' and Girls' High Schools, etc. The budget for the next year is prepared after taking into consideration these orders. Still it leaves us in a rather

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awkward position. The year 1111 is expected to bring in a revenue of Rs. 1·87 lakhs while the expenditure is expected to be Rs. 2·05 lakhs. The result is a deficit of Rs. ·18 lakh—almost the same as in the current year. There is very slight improvement in revenue mainly due to the allocation of revenue from Duty on Matches. The expenditure is reduced to the minimum and cannot stand any further reduction. The situation is indeed causing great anxiety to the Government and they are considering once again how the finances of this Principality can be placed on a more stable footing.

Before I close my speech let me, Sir, thank you and the Honourable Members for the patience with which you all have heard me through.

Supplementary Grants.

Mr. President.—I should like to make an observation regarding the scope of supplementary grants.

I find on the order paper various cut motions. Take for instance, the very first cut motion—to impress upon the Government certain facts. And secondly, there is a motion to ascertain from the Government some information regarding the purchase of Rails, etc. If that were all the object of the Hon'ble Members, it is not necessary to put down the cut motion at all. After a supplementary demand is moved, it is open to any Hon'ble Member to get up and make his own observations on points arising out of a supplementary demand. Therefore, for the purpose of merely asking information from Government, Hon'ble Members need not take the trouble of tabling cut motions.

I wish to make another observation which I have to make in view of item 6 which stands in the name of Mr. Ibrahim who wants to discuss certain irregularities in the recent elections to the Legislative Council. A motion of that nature is entirely out of order on a supplementary demand.

I wish to read out to Hon'ble Members an important ruling that was given on the scope of supplementary demand in the Legislative Assembly.

> "A token cut was proposed under a Supplementary Grant and objection being raised on the ground that general questions of policy could not be raised on a supplementary demand:
>
> The President ruled "In view of a large number of cuts that have been put down on these Supplementary Grants, I have taken some trouble to examine the question and I invite the attention of the House to a summary of the position as stated in May's "Parliamentary Practice", page 536, which I will read to the House:

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